

2008/09 Revenue Budget Resolution – Amendment 3

Recommendations to County Council

The County Council is recommended to plan its budget framework for 2008/09 on the following basis:

1 Service Objectives

- 1.1 This budget proposal fully supports Warwickshire County Council's vision as set out in the Corporate Business Plan 2007-2010:

“Working in Partnership to put Customers First; Improve Services and Lead Communities”.

- 1.2 In proposing this budget, the main focus of our service objectives and the resultant allocations is to focus available resources on the Council's three top corporate priorities:

- Raising levels of educational attainment
- Caring for older people, and
- Pursuing a sustainable environment

- 1.3 We recognise that to achieve our priorities we need to:

- Confront inequalities and narrow the gap by raising standards
- Work in partnership with others and engage with the community to provide local services.
- Raise standards of customer service and access to our services
- Ensure value for money by reviewing the way we do things to make the best use of public resources.

- 1.4 The County Council acknowledges that the resource position is better than expected, but it is still disappointing to see a settlement for Warwickshire that is over 2% less than the average for county councils.

- 1.5 However, we recognise that simply raising council tax to achieve our priorities is not an option. Our proposals reflect the development of a longer term and more aggressive approach to the delivery of savings, incorporating the requirement in the 2007 Comprehensive Spending Review that local authorities deliver over 9% cash efficiency savings over the next three years. Our three-year programme of efficiency savings will deliver over £22 million. £6.197 million of this will be achieved in the coming year. This will allow us to deliver a council tax increase this year of 3.9%.

- 1.6 The budget aims to ensure value for money for the people of Warwickshire whilst continuing to modernise and improve the standard of services. It will build our investment into modernisation, which is continuing to bring long-term benefits to all areas of our service provision.

- 1.7 We propose to introduce a Development Fund of £1.3 million, which will be merged with the existing Modernisation Fund and new terms of reference agreed. The remit will include the prioritisation of funding for proposals to speed-up the delivery of savings and the provision of funding required to implement any recommendations resulting from the investigations into the fire at Atherstone-on-Stour. Allocations will be made using the same process as for the existing Modernisation Fund. A number of allocations from that Fund are made within this resolution, namely:

- ◆ £400,000 to the Family & Community Division to develop services which support and empower children and their families experiencing problems. In addition it will be recommended that the £200,000 addition increase in the Extended Schools element of the Area Based Grant will be used for this purpose.
- ◆ £125,000 to provide five PCSOs to work in local communities tackling anti-social behaviour and to act as a single point of contact for victims.
- ◆ £213,000 to finance and operate the five additional flexibuses purchased as part of the accompanying capital resolution.
- ◆ £50,000 to mainstream and commission further Arts for Health initiatives, which particularly support those with mental health needs.
- ◆ £50,000 to support renewable energy feasibility work.
- ◆ £50,000 to support additional innovative services which support people with dementia and their carers to enable individuals to maintain their place in the community.
- ◆ £50,000 to further develop the range of preventative services within adult social care.
- ◆ £50,000 to support the implementation of the Council's domestic violence strategy.

1.8 This proposal emphasises the importance of the corporate priorities as previously agreed by Members, and to that end service plans and all documents that make up the Council's policy framework should reflect this emphasis.

1.9 Strategic Directors will continue to produce quarterly reports on service performance, financial performance and progress on achieved savings.

2 Consultations and Thanks to Respondents

2.1 Comments made by our taxpayers and service users as part of our budget consultation processes are noted. All contributors are thanked and assured of our determination to work with them to continue to improve services in Warwickshire.

2.2 The County Council notes and welcomes the offer of support given by those business and trade union representatives to lobby the government for additional resources to be made available to Warwickshire in order to meet the needs and realise the aspirations of the people of Warwickshire.

3 Revenue Allocations

3.1 Approval is given to the following budget allocations to be applied as directed:

Directorate	Description	Allocation £
Adult, Health and Community Services	An allocation of £6,563,000 to the Adult, Health and Community Services Directorate to fund the following: <ul style="list-style-type: none"> ◆ The medium term financial plan. 2,351,000 ◆ The cost of rising client numbers and forecast demographic changes. 1,915,000 ◆ The increasing care needs of learning disability clients. 1,897,000 ◆ Investment to expand the use of occupational therapists as a key part of our home care service delivery (two years only). 150,000 ◆ Investment to continue the modernisation programme in adult social care (two years only). 100,000 	

Directorate	Description	Allocation £
Adult, Health and Community Services (cont)	<ul style="list-style-type: none"> ◆ An allocation to mainstream and commission further Arts for Health initiatives, which particularly support those with mental health needs. Opportunities should be delivered equally across the county. ◆ Add investment to support additional innovative services which support people with dementia and their carers to enable individuals to maintain their place in the community. ◆ Add investment to further develop the range of preventative services. 	<p style="text-align: right;">50,000</p> <p style="text-align: right;">50,000</p> <p style="text-align: right;">50,000</p>
Children, Young People and Families	<p>An allocation of £4,046,000 to the Children, Young People and Families Directorate to fund the following:</p> <ul style="list-style-type: none"> ◆ The medium term financial plan. ◆ The cost of providing services to young people leaving care. ◆ The increasing costs of providing transport for both special educational needs and mainstream pupils, reducing to £460,000 from 2009/10 onwards. ◆ The continuation of existing funding for the integrated disability service. ◆ Investment to rollout enhanced support networks across the county. ◆ An allocation to the Family & Community Division to develop services which support and empower children and their families experiencing problems both at home and school, targeted at helping to improve family life, school attendance and attainment, reducing the risk of permanent exclusion and reducing the risk of involvement in anti-social or criminal behaviour. 	<p style="text-align: right;">2,276,000</p> <p style="text-align: right;">185,000</p> <p style="text-align: right;">618,000</p> <p style="text-align: right;">350,000</p> <p style="text-align: right;">217,000</p> <p style="text-align: right;">400,000</p>
Community Protection	<p>An allocation of £764,000 to the Community Protection Directorate to fund the medium term financial plan.</p> <ul style="list-style-type: none"> ◆ The medium term financial plan. ◆ An allocation to Warwickshire Police for the provision of 5 Police Community Support Officers (PCSOs) to be split equally between each district of the county. The PCSOs will be allocated to work in local communities tackling anti-social behaviour and to act as a single point of contact for victims. These officers will work closely with the County Council's Area Teams, with partner agencies, and a service level agreement will be established to ensure that they are not taken away from their duties as stipulated under this amendment. ◆ Add investment to support the implementation of the Council's domestic violence strategy. 	<p style="text-align: right;">589,000</p> <p style="text-align: right;">125,000</p> <p style="text-align: right;">50,000</p>
Environment and Economy	<p>An allocation of £3,304,000 to the Environment and Economy Directorate to fund the following:</p> <ul style="list-style-type: none"> ◆ The medium term financial plan. ◆ The cost of disposing of the increasing volume of waste. 	<p style="text-align: right;">2,177,000</p> <p style="text-align: right;">121,000</p>

Directorate	Description	Allocation £
Environment and Economy (cont)	◆ Investment to ensure the viability of in-vessel composting.	215,000
	◆ Investment in project management to support the implementation of the waste strategy.	91,000
	◆ Additional investment in highway drainage, after consultation with the Area Committees on priorities. The allocation to be provided for two years, with the continuation of funding to be reviewed before the agreement of the 2010/11 budget.	500,000
	◆ An allocation to purchase and operate 5 new Flexibuses and to extend the flexibus scheme.	200,000
Performance and Development	An allocation of £932,000 to the Performance and Development Directorate to fund the following:	
	◆ The medium term financial plan.	345,000
	◆ The continued development and support of the intranet (two years only)	96,000
	◆ The support costs for implementing phase 2 of the pay and conditions review (one year only)	195,000
Resources	◆ Investment in the continued rollout of the one-stop shop programme and interactive kiosks.	296,000
	An allocation of £618,000 to the Resources Directorate to fund the following:	
	◆ The medium term financial plan.	395,000
	◆ The statutory revaluation of assets (one year only).	61,000
	◆ Short-term support for the costs of implementing the replacement financial systems (two years only).	16,000
Other Services	◆ Investment in corporate and schools recycling.	96,000
	◆ An allocation to support renewable energy feasibility work.	50,000
	An allocation of £3,700,000 to Other Services to fund the following:	
	◆ The medium term financial plan.	2,974,000
	◆ Borrowing costs of the additional capital spending approved and proposed in our capital programme resolution (£13,000 from Development Fund).	414,000
	◆ Balance of the Development Fund	312,000
	Total Allocations	19,927,000

Note

The Medium Term Financial Plan allocations are for the cost of meeting inflation and the borrowing costs of the existing approved capital programme.

3.2 In addition to these allocations we will provide £47,000 from 2007/08 LABGI monies, once received, to provide one-off support to the Warwickshire Education Business Partnership.

4 Funding Sources

- 4.1 As part of our medium-term, aggressive approach to the delivery of savings Directorates will be required to deliver savings shown in the table below.

	2008/09		2009/10		2010/11	
	Percent	£m	Percent	£m	Percent	£m
Adult, Health & Community Services	2%	2.002	3%	3.003	4%	4.004
Children, Young People and Families	3%	1.932	3%	1.932	3%	1.932
Community Protection (community safety element only)	-	0.140	-	-	-	-
Environment and Economy	2%	0.768	3%	1.152	4%	1.536
Performance and Development	5%	0.533	5%	0.533	5%	0.533
Resources	5%	0.822	5%	0.822	5%	0.822
Total		6.197		7.442		8.827

In delivering these savings targets the Children, Young People and Families Directorate should protect the existing funding for the Education Life Centre.

- 4.2 The savings targets are shown against the Directorate initiating the project that results in savings. Therefore, the Strategic Director, Resources has the delegated authority to adjust budgets between Directorates, where savings fall, to ensure the targets are delivered.
- 4.3 The Chief Executive, along with SDLT will bring a report to Cabinet in April 2008, identifying plans, with supporting business cases for delivering the short-term savings and report later in the year on proposals for delivering savings in 2009/10 and 2010/11. Cabinet and Overview and Scrutiny Committees should also receive reports on progress to date to their autumn cycle of meetings.
- 4.4 The council tax will be increased by 3.90%, which, together with other funding resources identified, will fund the budget proposals contained within this resolution.

5 Medium Term Financial Planning Framework

- 5.1 Over the medium term the County Council will plan on the basis that:
- Inflation and the corporate costs of capital will be funded from government grant and council tax income.
 - Subsequent to this the corporate costs of funding a base capital programme to ensure the long-term maintenance of our asset infrastructure will be funded from council tax income.
 - Any other unavoidable pressure members wish to meet will be funded from the balance of council tax income and reducing investment in low priority services.
 - Spending on schools and pupil-related services is guaranteed to the level of the Dedicated Schools Grant.
 - New developments will be funded from a medium term programme of efficiency savings and any further reduced investment in low priority services.
- 5.2 We will continue to focus our efforts in the medium term to ensure the delivery of value for money across the authority and the provision of cost-effective services. Our aim is to ensure value for money (through a cost to performance comparison) is upper quartile for all services.

- A review of the relationships with schools and the provision of services to schools, in conjunction with the Schools Forum, to ensure a common understanding and approach is adopted within a clear set of corporate principles.
- A corporate charging policy and review of all income streams and income collection processes is completed for implementation of any changes for 2009/10.
- A review of sustainability across the organisation that builds on the sustainable development programme, included in the 2007/08 MTFP, to incorporate the planning needed for the Comprehensive Area Assessment being introduced from 2009/10.
- A programme of reviews to deliver cost savings whilst maintaining and aiming to improve value for money across all services. The savings identified will contribute to the delivery of and potentially increase the medium term savings targets proposed in paragraph 4.1 above. This three-year programme of reviews covers those remaining service areas not included in the 2007/08 review programme. It specifically excludes three service areas where review mechanisms and arrangements to modernise and develop the services already exist. These are adult services, supporting people and waste management. The resulting proposed medium term review programme, with individual reviews to start no later than the year shown in the first column, is as follows:

Medium Term Review Programme	
Year	Review
2008/09	<ul style="list-style-type: none"> ◆ Transport provision. The review should include consideration of any recommendations made by the Overview and Scrutiny Task and Finish Group currently considering the viability and options of introducing a concessionary travel scheme for young people. ◆ Adult/Post 16 learning and skills provision ◆ Community safety ◆ The sustainability of Children's Centre's
2009/10	<ul style="list-style-type: none"> ◆ Youth Services ◆ Rural and countryside services and estates ◆ Culture, heritage, tourism and the arts
2010/11	<ul style="list-style-type: none"> ◆ Transport infrastructure ◆ Customer service and access ◆ Performance management

In all circumstances the review should aim to report by the end of September of the relevant financial year to enable any recommendations to be incorporated into the following year's budget proposals/scrutiny process. The reviews are additional to the continued progress being made on those reviews started in 2007/08.

- All Strategic Directors should come forward with proposals for the further transfer of services into the Customer Service Centre and One-Stop Shops wherever feasible.

5.3 The County Council will continue to modernise the organisation whilst ensuring value for money. We will ensure that current resources are continually assessed to deliver the Council's objectives and priorities. The key spending pressures facing the authority over the medium term will remain the demographic pressure in adult social care and the developing waste agenda. In the case of the waste agenda, because it is about cost avoidance in the future, it is proposed the waste budget is ring-fenced and any savings made, over and above those required proportionately to deliver the Directorate savings target, are retained to minimise the future cost pressures facing the authority in this area.

5.4 Projecting these known areas of cost pressure and our medium term financial planning strategy forward we intend to plan on the basis of making allocations in 2009/10 and 2010/11 as set out below. These are the medium term costs of pressures funded in 2008/09. However, these indicative additional allocations (over and above those provided for in the previous financial year) will be subject to a full review both of the need for and level of any budget provision before the allocations are confirmed.

Allocation	2009/10 £m	2010/11 £m
Medium Term Financial Plan		
◆ Inflation	8.775	8.761
◆ Capital financing costs	2.694	3.244
Adult Health and Community Services		
◆ The cost of rising client numbers and forecast demographic changes.	1.694	1.956
◆ The increasing care needs of learning disability clients.	1.297	1.297
◆ The full-year impact of the investment to expand the use of occupational therapists as a key part of our home care service, prior to the savings being delivered (one year only).	0.050	-
◆ The full year impact of the investment to continue the modernisation programme in adult social care (one year only).	0.100	-
Environment and Economy		
◆ The cost of disposing of the increasing volume of waste.	0.121	0.121
◆ The full year impact of the investment in in-vessel composting	0.201	-
Resources		
◆ Short-term support for the costs of implementing the replacement financial systems (one year only).	0.075	-
Total	15.007	15.379

5.5 We will continue to work closely with partners, in particular our district and borough councils and other neighbouring authorities, where we are committed to increased effectiveness and efficiency by exploring shared services.

5.6 In light of the growing focus on locality working and the new duty to involve, which comes into force as part of the Local Government and Public Involvement in Health Act from April 2009, the Strategic Director of Performance and Development is instructed to come forward with proposals for how increased community engagement within localities can be taken forward with any proposals being brought forward for consideration as part of the 2009/10 budget process. Proposals should consider devolved budgets to localities.

5.7 The systematic use of business cases should be prepared for all future investment in services. These must clearly define quantifiable pay back times and benefits from the outset. These should then be monitored through regular review processes.

5.8 In proposing this medium term financial planning framework it should be noted that no provision for Phase 2 of the pay and conditions review has been included. Work is underway to assess realistic cost estimates. It is hoped any costs can, as far as possible, be met from existing resources and through the use of reserves. However, if this is not possible, these costs will form the first call on the available resources in future years.

5.9 For 2008/09 our budget proposals require a council tax increase of 3.90%.

6 Strategic Director, Resources Statement

6.1 That the following statement from the Strategic Director, Resources be noted.

"The Local Government Act 2003 requires me as "Chief Finance Officer" to report on:

- ◆ *The robustness of the revenue estimates made for the purposes of the budget calculations; and*
- ◆ *The adequacy of the proposed financial reserves.*

The budget information used in preparing this revenue budget resolution has undergone extensive scrutiny by:

- ◆ *Strategic Directors and their staff;*
- ◆ *Myself and staff within the Resources Directorate;*
- ◆ *Strategic Directors Leadership Team;*

In addition to this I have worked closely with the Cabinet and other members in preparing this budget resolution. In overall terms I am of the view that this revenue budget has been prepared on realistic assumptions and that it represents a robust budget.

I have also undertaken a risk analysis of the adequacy of financial reserves. This highlighted the need to retain a minimum of £6.5 million in general reserves. A requirement of this level is in line with the latest projection reported to members as part of the corporate budget monitoring process. I am therefore of the view that this budget does provide for an adequate level of reserves."

7 Summary of Service Estimates

7.1 Approval be given to the estimates set out below which include provision for capital expenditure to be charged to the revenue account, financed from the Capital Fund, consistent with the 2008/09 to 2010/11 capital programme.

7.2 Individual Service net revenue estimates of:

	Base Budget £	Additions £	Funding Sources/ Re-cycling £	Total £
Adult, Health and Community Services	119,533,453	6,563,000	(2,002,000)	124,094,453
Children, Young People and Families	102,132,883	4,046,000	(1,932,000)	104,246,883
Community Protection	24,075,444	764,000	(140,000)	24,699,444
Environment and Economy	51,911,724	3,304,000	(768,000)	54,447,724
Performance and Development Resources	1,955,624	932,000	(533,000)	2,354,624
Other Services	1,795,495	618,000	(822,000)	1,591,495
	29,947,166	3,700,000	0	33,647,166
<i>Less: Notional Capital Charges</i>	<i>(43,042,937)</i>	<i>0</i>	<i>0</i>	<i>(43,042,937)</i>
	288,308,852	19,927,000	(6,197,000)	302,038,852
Contributions to/(from) reserves:				
• General Reserves	129,797	0	0	129,797
• Service/earmarked savings	(1,135,000)	0	0	(1,135,000)
• Virtual Bank	1,049,200	0	0	1,049,200
• Capital Fund	(300,000)	0	0	(300,000)

8 Budget Requirements

8.1

	Base Budget £	Additions £	Funding Sources/ Re-cycling £	Total £
Approval to be given to a budget requirement for the general expenses of the County Council for the year ending 31 March 2009 of	288,052,849	19,927,000	(6,197,000)	301,782,849

8.2

The basic amount of the Council Tax for a Band D property, for the year ending 31 March 2009 be calculated as follows:	£
Budget Requirement	301,782,849.00
Less Redistributed National Non-Domestic Rates	(75,918,007.00)
Less Revenue Support Grant	(10,568,404.00)
Less Council Tax Surplus on Collection	(129,797.00)
	215,166,641.00
Divided by aggregate Council Tax Base for the County Area	198,131.83
Basic amount of Council Tax (Band D)	1,085.98

9 Council Tax

9.1 Approval be given to Council Tax amounts for each category of property as follows:

	£
Band A	723.9848
Band B	844.6489
Band C	965.3130
Band D	1,085.9772
Band E	1,327.3054
Band F	1,568.6337
Band G	1,809.9619
Band H	2,171.9543

10 Precepts

10.1 The Chief Executive issue 2008/09 precepts on the Warwickshire billing authorities, as follows:

	£
North Warwickshire Borough Council	22,866,606.46
Nuneaton & Bedworth Borough Council	42,199,986.26
Rugby Borough Council	37,876,667.76
Stratford-on-Avon District Council	55,724,876.06
Warwick District Council	56,498,504.46

11 Budget Management

11.1 The Chief Executive will be directly responsible for the implementation of the budget.

11.2 The Chief Executive and Strategic Director, Resources will be provided with delegated authority to vire revenue budgets between Directorates where such virements are as a direct consequence of the specific spending allocations, delivery of the savings targets, invest-to-save projects and funding strategies contained in this resolution and the accompanying capital budget resolution.

11.3 The Chief Executive is instructed to remind all Strategic Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of Directorates' work to secure value for money.

11.4 Directorates, and also schools, are encouraged to take a medium term view of spending commitments and ensure a prudent approach is adopted in entering into initiatives which create commitments in future years and developing clear strategies for the utilisation of service reserves.

11.5 All member bodies and Strategic Directors are instructed to comply with the prescriptive legal duties placed upon the Council and the Chief Executive and Strategic Directors be instructed to ensure that the implementation of policies complies with legal requirements.

11.6 All Directorates are authorised to draw down on Directorate reserves accumulated from previous year's savings, subject to notifying the Strategic Director, Resources.

11.7 That authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget.